

The Changing Face of Manufacturing

Utah. For example, way back in 1960 over 28 percent of total jobs in our nation were in manufacturing. Today (2008), that figure is 9.8 percent. In Utah back in 1960—baby boomers were still being born—that percent was 17.8. It's not that manufacturing has actually declined but it hasn't grown as quickly as the other major industry sectors. Manufacturing has had its ups and downs through a number of recessions but it has always rebounded.

Many manufacturing jobs have been outsourced, leaving the country because businesses in a capitalistic system make choices to produce products where they can maximize revenue and minimize costs. Where a product is made is the choice of a company, and those decisions are based on the profit motive. The U. S. remains the strongest economy in the world because we perform by doing what we do best. It's called comparative advantage.

Manufacturing is the industry that makes things. This major industry sector is an economic driver for the economy because the output is typically exported, which generates revenue coming into the state. That's a good thing. This sector pays well above the average wage, which is also a good thing. All this is positive, but there are also some not-so-positive aspects of manufacturing. Being an export-based industry exposes it to the vagaries of ups and downs in the larger regional, national, and world markets. Still, the risk is acceptable because of all the positives about manufacturing.


The industry as a whole is changing. Its employment position relative to the other major industry sectors is declining. We are in the information-based economy now, not the goods-based one of the last 40 to 50 years. Though its output is as high as ever, manufacturing jobs as a percent of total jobs in the economy, is slipping (technology and automation are making up the difference). This is not just unique to

Utah's Manufacturing Industry

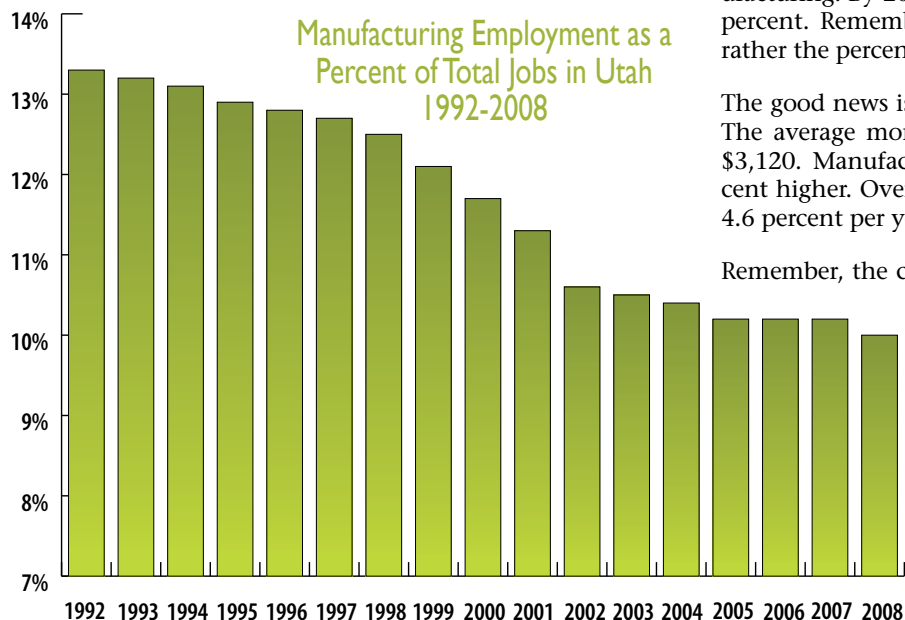
Taking a more current look at the industry, say from 1992 to 2008, provides some interesting insights. Over the 16-year period, Utah's total economy has grown at a 3.9-percent per year pace. Manufacturing has grown at a 1.4-percent annual rate. Over 23,000 new manufacturing jobs have increased employment from 102,500 in 1992 to the current 125,900 level in 2008. During that period the industry lost jobs (in a year-over comparison) in six of the 16 years.

Manufacturing jobs, as a percent of total jobs in Utah, have declined. In 1992, about 13.3 percent of all jobs were in manufacturing. By 2008 that slice of the pie had slipped to 10.0 percent. Remember the number of jobs has not dropped, rather the percent of total jobs has.

The good news is manufacturing pays well and always has. The average monthly wage for all industries in 2008 was \$3,120. Manufacturing's average pay was \$3,870—24 percent higher. Over the 1992-2008 period wages increased by 4.6 percent per year, both in total and in manufacturing.

Remember, the content of manufacturing is changing. The look of manufacturing in 1960 is far different than it is today. The mix of industries within manufacturing is changing, responding to forces in the market. It will continue to be a very important provider of jobs and revenue for Utah. 

Find more information at: <http://jobs.utah.gov/opencms/wi/statewide/ifsheets/manufacturing.pdf>



Source: Utah Department of Workforce Services: May 2009